

**Alma Public Schools**

**Alma, Michigan**

**Annual Financial Statements  
and  
Auditors' Report**

**June 30, 2008**

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**Alma Public Schools**  
**Members of the Board of Education and Administration**  
**June 30, 2008**

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Members of the Board of Education

Art McClintic, President

Anthony Costanzo, Vice President

Dr. C. Jeffrey Holmes, Treasurer

Sue Wheeler, Secretary

Steve Block, Trustee

David Justin, Trustee

Mark Smoker, Trustee

Administration

Don Pavlik, Superintendent

Mark Jacobs, Director of Finance

## **Independent Auditors' Report**

To the Board of Education  
Alma Public Schools  
Alma, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Alma Public Schools as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Alma Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Alma Public Schools as of June 30, 2008, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 13, 2008, on our consideration of the Alma Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The administration's discussion and analysis and budgetary comparison information identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of the administration regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alma Public Schools' basic financial statements. The accompanying other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Yeo & Yeo, P.C.*

Alma, Michigan  
October 13, 2008

## ADMINISTRATION'S DISCUSSION AND ANALYSIS

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## **Alma Public School District**

### **Management's Discussion and Analysis**

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This section of the Alma Public School District annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2008. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

#### **Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Alma Public School District financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds– the General Fund and the 2003 Capital Projects Fund with all other funds presented in one column as non-major funds. The remaining statements, the internal service fund, accounts for the activities of the district's partially self-insured health plan and the statement of fiduciary net assets, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The annual report is arranged as follows:

*Management's Discussion and Analysis (MD&A)*  
*(Required Supplemental Information)*

#### **Basic Financial Statements**

*District-wide Financial Statements*

*Fund Financial Statements*

*Notes to the Basic Financial Statements*

*(Required Supplemental Information)*  
*Budgetary Information for General Fund*

*Other Supplementary Information*



## **Alma Public School District**

### **Management's Discussion and Analysis (continued)**

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#### **Reporting the School District as a Whole – Government-wide Financial Statements**

The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information about the School District as a whole using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The statement of net assets includes all of the School District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

These two statements report the School District's net assets and how they have changed. Net assets – the difference between assets and liabilities, as reported in the statement of net assets – is one way to measure the School District's financial health, or position. Over time, increases or decreases in the School District's net assets – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the School District.

The statement of net assets and statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted State aid (foundation allowance revenue), and State and federal grants finance most of these activities.

#### **Reporting the School District's Most Significant Funds – Fund Financial Statements**

The School District's fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service and Athletics Funds are examples) or to show that it's meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental funds – All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides.

## **Alma Public School District**

### **Management's Discussion and Analysis (continued)**

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Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation.

#### **The School District as Trustee – Reporting the School District's Fiduciary Responsibilities**

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

# Alma Public School District

## Management's Discussion and Analysis (continued)

### The School District as a Whole

#### Net Assets

The district's combined net assets are reflected in Table 1. The decline in property and equipment is related to annual depreciation expense exceeding the cost of new acquisitions. The increase in current liabilities is due to the timing of year end payroll periods resulting in larger accruals. The increase in total net assets is discussed in conjunction with Table 2.

TABLE 1	Governmental Activities (In Millions)	
	2008	2007
<b>Assets</b>		
Current and other assets	\$ 8,087,000	\$ 8,286,000
Property and equipment	<u>34,940,000</u>	<u>35,641,000</u>
Total assets	<u>43,027,000</u>	<u>43,927,000</u>
<b>Liabilities</b>		
Current liabilities	6,238,000	5,691,000
Long-term liabilities	<u>26,445,000</u>	<u>27,983,000</u>
Total liabilities	<u>32,683,000</u>	<u>33,674,000</u>
<b>Net Assets</b>		
Invested in property and equipment – Net of related debt	10,164,000	9,002,000
Restricted	223,000	213,000
Unrestricted	<u>(43,000)</u>	<u>1,038,000</u>
Total net assets	<u>\$10,344,000</u>	<u>\$10,253,000</u>

## **Alma Public School District**

### **Management's Discussion and Analysis (continued)**

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The School District's net assets were \$10,344,000 at June 30, 2008. Capital assets, net of related debt totaling \$10,164,000 compares the original cost, less depreciation of the School District's capital assets to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net assets are reported separately to show legal constraints from enabling legislation that limit the School District's ability to use those net assets for day-to-day operations. The remaining amount of net assets (\$43,000) was unrestricted.

The (\$43,000) in unrestricted net assets of governmental activities represents the *accumulated* results of all past years' operations. The unrestricted net assets balance enables the School District to meet working capital and cash flow requirements as well as provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the School District as a whole are reported in the statement of activities (see Table 2), which shows the changes in net assets for fiscal year 2008.

**Alma Public School District**  
**Management's Discussion and Analysis (continued)**

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TABLE 2	Governmental Activities	
	June 30, 2008	June 30, 2007
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 945,000	\$952,000
Federal grants and entitlements	4,521,000	4,374,000
Capital grants and contributions	114,000	98,000
General revenue:		
Property taxes	4,071,000	3,868,000
State foundation allowance	14,408,000	14,725,000
Other	<u>184,000</u>	<u>355,000</u>
Total revenue	<u>24,243,000</u>	<u>24,372,000</u>
<b>Functions/Professional Expenses</b>		
Instruction	13,699,000	13,496,000
Support services	7,581,000	9,494,000
Food services	804,000	717,000
Athletics	626,000	525,000
Community services	232,000	222,000
Interest on long-term debt	<u>1,210,000</u>	<u>1,242,000</u>
Total expenses	<u>24,152,000</u>	<u>25,696,000</u>
<b>Increase (Decrease) in Net Assets</b>	<u>\$91,000</u>	<u>(\$1,324,000)</u>

## **Alma Public School District**

### **Management's Discussion and Analysis (continued)**

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Revenues for the district's governmental activities decreased 0.5% while total expenses decreased 6.0%

The School District experienced an increase in net assets for the year of \$91,000. This was in contrast to a prior year decrease of (\$1,324,000). The significant reason for this change and the change in expense was the loss recognized on the demolition of the old Middle School building in 2007.

Since property taxes for operations and unrestricted State aid constitute the vast majority of School District operating revenue sources, the Board of Education and Administration must annually evaluate the needs of the School District and balance those needs with State-prescribed available unrestricted resources.

#### **The School District's Funds**

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$3,204,000, which is a decrease of \$405,000 from last year. Of this decrease \$462,000 was attributable to the 2003 Capital Project Fund, which account for the 2003 bond proceeds.

In the General Fund, our principal operating fund, the fund balance increased \$38,000 to \$1,733,000. The unrestricted portion of the fund balance increased \$43,000 to \$1,607,000, or approximately 7.8% of budgeted expenses.

The General Fund balance is available to fund costs related to allowable school operating purposes.

Our Special Revenue Funds fund balance was stable for the year. These funds are supported by General Fund transfers to cover any deficits and are maintained at minimal levels.

The Debt Service Funds fund balance was stable at an amount of \$161,000. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt Service Fund balances are reserved since they can only be used to pay debt service obligations. Millage rates were set at 7.0 mills for 2008 to fund debt service on the 2003 Capital Bonds, and the 2000 and 2006 Refunding Bonds.

**Alma Public School District**  
**Management's Discussion and Analysis (continued)**

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**General Fund Budgetary Highlights**

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was actually adopted just before year-end. (A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplementary information of these financial statements).

Changes to the General Fund original budget were as follows:

Budgeted revenues increased \$349,000 which is a 1.7% increase compared to the original budget. The net increase was due to additional Federal and State grant revenue approved during the year, and other local revenue increases.

Budgeted expenditures increased \$486,000 which is a 2.4% increase compared to the original budget. The changes were due to the increase in expenditures related to employee contract settlements reached after adoption of the original budget, and additional grant funded expenditures.

Actual revenues were \$17,000 more than the final budgeted amounts, which is a 0.1% increase over the final budgeted amount. This increase was mostly from local sources. The overall difference was not significant.

Actual expenditures were \$203,000 less than the final budgeted amounts, which is a 1.0% decrease. This decrease was attributable to actual expenditures generally lower than anticipated across most budget functions. This overall difference was not significant.

**Alma Public School District**  
**Management's Discussion and Analysis (continued)**

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**Capital Assets and Debt Administration**

**Capital Assets**

At June 30, 2008, the School District had \$34,940,000 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of approximately \$701,000, or 2 percent, from last year.

	June 30, 2008	June 30, 2007
Assets not being depreciated – Land	\$723,000	\$723,000
Construction in progress	318,000	357,000
Building and building improvements	40,857,000	40,343,000
Furniture and equipment	7,434,000	7,307,000
Buses and other vehicles	<u>1,255,000</u>	<u>1,235,000</u>
Total capital assets	50,587,000	49,965,000
Less accumulated depreciation	<u>(15,647,000)</u>	<u>(14,324,000)</u>
Net capital assets	<u>\$34,940,000</u>	<u>\$35,641,000</u>

This year's net additions of \$622,000 included primarily building additions and renovations and site improvements of \$530,000 funded by 2003 Building and Site bond proceeds. The other additions included equipment, technology, furniture and renovations funded from grants and general revenues.



**Alma Public School District**  
**Management's Discussion and Analysis (continued)**

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**Debt**

At the end of this year the School District's General Obligation Bonds outstanding decreased \$1,215,000 due to scheduled principal payments.

	June 30, 2008	June 30, 2007
2000 Energy Bonds	\$705,000	\$785,000
2000 Refunding Bonds	2,690,000	3,240,000
2003 Building & Site Bond	14,455,000	15,025,000
2006 Refunding Bonds	<u>7,975,000</u>	<u>7,990,000</u>
	<u>\$25,825,000</u>	<u>\$27,040,000</u>

Other obligations include capital leases, other bonds and contracts payable as well as accrued compensated absences. We present more detailed information about our long-term liabilities in the notes to the financial statements.

**Economic Factors and Next Year's Budgets and Rates**

Our elected officials and administration consider many factors when setting the School District's 2009 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2009 fiscal year is 25 percent and 75 percent of the February 2008 and September 2008 student counts, respectively. The 2009 budget was adopted in June 2008, based on an estimate of students that will be enrolled in September 2008. Approximately 73 percent of total General Fund revenue is from the foundation allowance. Under State law, the School District cannot assess additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2009 school year, we anticipate that the fall student count will be higher than the estimates used in creating the 2009 budget. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State periodically holds a revenue-estimating conference to estimate revenues. The State foundation amount per pupil increased 1.3% in 2007-08. A similar increase is included in the State's budget for 2008-09. This proposed increase may be impacted by the economic factor facing Michigan's economy as of this report date.

**Alma Public School District**  
**Management's Discussion and Analysis (continued)**

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**Contacting the School District's Financial Management**

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Department at 1500 North Pine Avenue, Alma, Michigan 48801.

## BASIC FINANCIAL STATEMENTS

**Alma Public Schools**  
**Statement of Net Assets**  
**June 30, 2008**

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 1,890,759
Accounts receivable	130,362
Due from other governmental units	3,144,002
Inventory	58,811
Investments	2,692,321
Prepaid items	18,032
Other assets	153,211
Capital assets not being depreciated	1,041,428
Capital assets - net of accumulated depreciation	<u>33,898,311</u>
 Total assets	 <u>43,027,237</u>

See Accompanying Notes to Financial Statements

**Alma Public Schools**  
**Statement of Net Assets**  
**June 30, 2008**

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	<u>Governmental Activities</u>
<b>Liabilities</b>	
Accounts payable	330,575
State aid anticipation note payable	1,800,000
Due to other governmental units	77,466
Due to internal service fund	3,575
Payroll deductions and withholdings	118,388
Accrued expenditures	1,268,652
Accrued salaries payable	1,027,662
Deferred revenue	266,359
Noncurrent liabilities	
Due within one year	1,344,904
Due in more than one year	<u>26,445,359</u>
Total liabilities	<u>32,682,940</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	10,164,330
Restricted for:	
Debt service	160,948
Contributions	61,705
Unrestricted	<u>(42,686)</u>
Total net assets	<u>\$ 10,344,297</u>

**Alma Public Schools**  
**Statement of Activities**  
**For the Year Ended June 30, 2008**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Functions/Programs</b>					
Governmental activities					
Instruction	\$ 13,699,226	\$ 359,682	\$ 3,684,934	\$ 33,958	\$ (9,620,652)
Supporting services	7,581,387	111,249	167,396	60,371	(7,242,371)
Food services	803,780	273,327	536,207	-	5,754
Athletic activities	625,767	146,026	50	19,530	(460,161)
Community services	232,259	54,758	132,115	-	(45,386)
Interest on long-term debt	<u>1,209,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,209,573)</u>
Total governmental activities	<u>\$ 24,151,992</u>	<u>\$ 945,042</u>	<u>\$ 4,520,702</u>	<u>\$ 113,859</u>	<u>(18,572,389)</u>
General revenues					
Property taxes, levied for general purposes					1,950,960
Property taxes, levied for debt service					2,120,383
State aid - unrestricted					14,407,696
Interest and investment earnings					165,977
Other					<u>18,395</u>
Total general revenues					<u>18,663,411</u>
Change in net assets					91,022
Net assets - beginning					<u>10,253,275</u>
Net assets - ending					<u>\$ 10,344,297</u>

See Accompanying Notes to Financial Statements

**Alma Public Schools**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2008**

	General Fund	2003 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 1,222,671	\$ -	\$ 162,599	\$ 1,385,270
Accounts receivable	125,400	-	320	125,720
Due from other funds	-	-	8,282	8,282
Due from other governmental units	3,144,002	-	-	3,144,002
Inventory	48,513	-	10,298	58,811
Investments	1,361,847	1,330,474	-	2,692,321
Prepaid items	15,838	-	2,194	18,032
Total assets	<u>\$ 5,918,271</u>	<u>\$ 1,330,474</u>	<u>\$ 183,693</u>	<u>\$ 7,432,438</u>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ 136,735	\$ 33,066	\$ 9,454	\$ 179,255
State aid anticipation note payable	1,800,000	-	-	1,800,000
Due to other funds	3,640	-	-	3,640
Due to other governmental units	77,466	-	-	77,466
Payroll deductions and withholdings	118,388	-	-	118,388
Accrued expenditures	755,357	-	-	755,357
Accrued salaries payable	1,027,662	-	-	1,027,662
Deferred revenue	266,359	-	-	266,359
Total liabilities	<u>4,185,607</u>	<u>33,066</u>	<u>9,454</u>	<u>4,228,127</u>
<b>Fund Balance</b>				
Reserved for inventory	48,513	-	-	48,513
Reserved for prepaid items	15,838	-	-	15,838
Reserved for debt service	-	-	160,948	160,948
Reserved for capital projects	-	1,297,408	-	1,297,408
Reserved for contributions	61,705	-	-	61,705
Other undesignated	1,606,608	-	13,291	1,619,899
Total fund balance	<u>1,732,664</u>	<u>1,297,408</u>	<u>174,239</u>	<u>3,204,311</u>
Total liabilities and fund balance	<u>\$ 5,918,271</u>	<u>\$ 1,330,474</u>	<u>\$ 183,693</u>	<u>\$ 7,432,438</u>

See Accompanying Notes to Financial Statements

**Alma Public Schools**  
**Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets**  
**June 30, 2008**

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<b>Total fund balances for governmental funds</b>	\$ 3,204,311
Total net assets for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	1,041,428
Capital assets - net of accumulated depreciation	33,898,311
Other long-term assets are not deferred in the governmental funds.	153,211
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(273,815)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Compensated absences	(1,061,218)
Bonds payable	(25,524,049)
School bond loan payable	(957,179)
Other loans payable and liabilities	(352,817)
Internal Service Fund assets and liabilities are included in governmental activities in the statement of net assets	<u>216,114</u>
<b>Net assets of governmental activities</b>	<u><u>\$ 10,344,297</u></u>



**Alma Public Schools**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2008**

	General Fund	2003 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Local sources	\$ 2,310,866	\$ 68,374	\$ 2,616,041	\$ 4,995,281
State sources	16,633,550	-	58,817	16,692,367
Federal sources	818,517	-	469,090	1,287,607
Interdistrict sources	1,261,816	-	-	1,261,816
Total revenues	21,024,749	68,374	3,143,948	24,237,071
<b>Expenditures</b>				
Current				
Education				
Instruction	12,722,433	-	-	12,722,433
Supporting services	7,024,122	-	-	7,024,122
Food services	-	-	795,409	795,409
Athletic activities	-	-	609,844	609,844
Community services	162,476	-	66,483	228,959
Capital outlay	409,870	530,219	343	940,432
Debt service				
Principal	142,848	-	1,135,000	1,277,848
Interest and other expenditures	53,135	-	1,110,693	1,163,828
Total expenditures	20,514,884	530,219	3,717,772	24,762,875
Excess (deficiency) of revenues over expenditures	509,865	(461,845)	(573,824)	(525,804)
<b>Other Financing Sources (Uses)</b>				
Proceeds from school bond loan fund	-	-	114,665	114,665
Proceeds from sale of capital assets	5,943	-	-	5,943
Transfers in	-	-	478,274	478,274
Transfers out	(478,274)	-	-	(478,274)
Total other financing sources (uses)	(472,331)	-	592,939	120,608
Net change in fund balance	37,534	(461,845)	19,115	(405,196)
Fund balance - beginning	1,695,130	1,759,253	155,124	3,609,507
Fund balance - ending	\$ 1,732,664	\$ 1,297,408	\$ 174,239	\$ 3,204,311

See Accompanying Notes to Financial Statements

**Alma Public Schools**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2008**

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**Net change in fund balances - Total governmental funds** \$ (405,196)

Total change in net assets reported for governmental activities in the statement of activities  
is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of  
those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(1,369,934)
Capital outlay	668,419

Expenses are recorded when incurred in the statement of activities.

Interest	(33,009)
Special termination benefits	(105,000)
Compensated absences	(30,172)

Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute  
to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does  
not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces  
the liability in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts  
and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt issued	(114,665)
Repayments of long-term debt	1,277,848
Amortization bond issuance costs	(647)
Amortization of bond discount	(12,736)

Internal Service Fund revenues and expenses are included in governmental activities in the statement of activities	216,114
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<b>Change in net assets of governmental activities</b>	<b>\$ 91,022</b>
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**Alma Public Schools**  
**Proprietary Fund**  
**Internal Service Fund**  
**Statement of Net Assets**  
**June 30, 2008**

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	<u>2008</u>
<b>Assets</b>	
Cash	\$ 505,489
<b>Liabilities</b>	
Current liabilities	
Accounts payable	151,320
Due to other funds	3,575
Accrued expenditures	<u>134,480</u>
Total current liabilities	<u>289,375</u>
<b>Total unrestricted net assets</b>	<u><u>\$ 216,114</u></u>

See Accompanying Notes to Financial Statements

**Alma Public Schools**  
**Proprietary Fund**  
**Internal Service Fund**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**For the Year Ended June 30, 2008**

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	<u>2008</u>
<b>Operating revenues</b>	
Charges to other funds	\$ 1,914,785
<b>Operating expenses</b>	
Medical	848,787
Prescriptions	369,561
Stop loss insurance	394,450
Management fees	<u>88,871</u>
Total operating expenses	<u>1,701,669</u>
Change in net assets	<u>213,116</u>
<b>Nonoperating revenue (expenses)</b>	
Interest income	9,953
Interest expense	<u>(6,955)</u>
Total nonoperating revenues	<u>2,998</u>
Net change in net assets	216,114
Net assets - beginning of year	<u>-</u>
<b>Net assets - end of year</b>	<u><u>\$ 216,114</u></u>

See Accompanying Notes to Financial Statements

**Alma Public Schools**  
**Proprietary Fund**  
**Internal Service Fund**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2008**

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	<u>2008</u>
<b>Cash flows from operating activities</b>	
Receipts from General Fund	\$ 1,918,360
Claims paid	(932,548)
Stop loss insurance premiums paid	(394,450)
Management fees paid	<u>(88,871)</u>
Net cash provided by operating activities	<u>502,491</u>
<b>Cash flows from investing activities</b>	
Interest received	9,953
Interest paid	<u>(6,955)</u>
Net cash provided by investing activities	<u>2,998</u>
Net increase in cash and cash equivalents	505,489
Cash - beginning of year	<u>-</u>
Cash - end of year	<u><u>\$ 505,489</u></u>
<b>Reconciliation of operating income to net cash from operating activities</b>	
Change in net assets	213,116
Adjustments to reconcile operating income to net cash from operating activities - changes in assets and liabilities	
Increase in accounts payable	151,320
Increase in due to other funds	3,575
Increase in accrued expenditures	<u>134,480</u>
<b>Net cash provided by operating activities</b>	<u><u>\$ 502,491</u></u>

See Accompanying Notes to Financial Statements

**Alma Public Schools**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**  
**June 30, 2008**

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	Private Purpose Trust Funds	Agency Funds
<b>Assets</b>		
Cash	\$ 3,458	\$ 252,551
<b>Liabilities</b>		
Due to other funds	-	1,067
Due to agency fund activities	-	251,484
Total liabilities	-	\$ 252,551
<b>Net Assets</b>		
Reserved for scholarships and loans	\$ 3,458	

See Accompanying Notes to Financial Statements

**Alma Public Schools**  
**Fiduciary Funds**  
**Private Purpose Trust Funds**  
**Statement of Changes in Fiduciary Net Assets**  
**For the Year Ended June 30, 2008**

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	<u>Private Purpose Trust Funds</u>
<b>Additions</b>	
Interest and investment earnings	\$ <u>14</u>
<b>Deductions</b>	
Scholarships	<u>2,500</u>
Change in net assets	(2,486)
Net assets - beginning	<u>5,944</u>
Net assets - ending	<u>\$ 3,458</u>

**Alma Public Schools**  
**Notes to Financial Statements**  
**June 30, 2008**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Alma Public Schools (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

**Reporting Entity**

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

**District-wide Financial Statements**

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted

net assets, and (3) unrestricted net assets. The School District first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net assets resulting from current year activities.

**Fund Financial Statements**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough



**Alma Public Schools**  
**Notes to Financial Statements**  
**June 30, 2008**

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thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Proprietary fund fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses. The only proprietary fund maintained is an Internal Service Fund that is used to account for the financing of risk management services provided to other funds on a cost-reimbursement basis. The Internal Service Fund maintained by the School District is the Self-Insurance Fund, which includes transactions related to the School District's risk management programs for medical claims.

The School District reports the following major governmental funds:

**General Fund** – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

**2003 Capital Projects Fund** – The Building and Site Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, building, equipment, and for remodeling. The fund is kept open until the purpose for which the fund was created has been accomplished.

Additionally, the School District reports the following fund types:

**Special Revenue Funds** – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include Food Service, Community Service, and Athletic Funds. Operating deficits generated by these activities are generally transferred from the General Fund.

**Debt Service Funds** – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

**Internal Service Fund** - The School District's Proprietary Fund is the Internal Service Fund. The purpose of the fund is to finance services provided to other funds of the School District on a cost-reimbursement basis. The Internal Service Fund maintained by the School District accounts for medical coverage. It is funded through transfers primarily from the General Fund in amounts equal to normal estimated risk management claims.

**Fiduciary Funds** – Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Trust Funds are funds entrusted to the School District for scholarship awards and loans and the principal and interest of the trust may be spent. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. This fund is used to record the transactions

**Alma Public Schools**  
**Notes to Financial Statements**  
**June 30, 2008**

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of student groups for school and school-related purposes.

**Assets, Liabilities and Equity**

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Property taxes and other receivables are shown net of an allowance for uncollectible amounts.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2008, the rates are as follows per \$1,000 of assessed value.

General Fund	
Nonhomestead	18.00000
Debt Service Funds	
Homestead and Nonhomestead	7.00000

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Approximately 52% of the School District's tax roll lies within the City of Alma.

Property taxes are assessed as of December 31 and attach as an enforceable lien on July 1 of the following year. School property taxes are levied on December 1 and July 1 and are due on or before March 1 and October 31, respectively. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Gratiot and remitted to the School District before the fiscal year end.

Investments – Investments are stated at fair value based on a quoted market price. Certificates of deposit are stated at cost which approximates fair value.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both district-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Site improvements	10-20 years
Equipment and furniture	5-10 years
Buses and other vehicles	5-10 years

Compensated Absences – Sick days are earned by most employees at the rate of one day per school month (10 days per year). A maximum of 60 sick days may be accumulated by an employee. Retiring employees who meet certain age and years of service requirements are paid for accumulated sick days to a maximum number of days and at a rate determined by their job category.

Employees who are not teachers are awarded vacation days based on years of service, up to a maximum of 20 days. Retiring

**Alma Public Schools**  
**Notes to Financial Statements**  
**June 30, 2008**

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employees are paid for vacation days up to the maximum number of days accumulated.

The liability for compensated absences reported in the district-wide financial statements consists of unpaid, accumulated sick leave and vacation balances. The sick leave liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments, and other employees who are expected to become eligible in the future to receive such payments upon termination, are included. The liability for vacation is calculated based on days earned and the current rate. The amount reported is salary related and includes fringe benefits.

**Long-term Obligations** – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

**Fund Equity** – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### **Comparative Data**

Comparative data is not included in the School District's financial statements.

### **Eliminations and Reclassifications**

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

### **Upcoming Accounting and Reporting Change**

The Government Accounting Standards Board has issued Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits other than Pensions*. The new pronouncement provides guidance for school districts in recognizing the cost of retiree health care. The new rules will cause district-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2009.

The Government Accounting Standards Board has issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement addresses how to account for pollution remediation activities of the effects of existing pollution; it does not include prevention or control activities or remediation required upon the retirement of an asset. In general, the new rules will cause district-wide financial statements to recognize a liability on the current value of expected costs as estimated using the expected cash flows method. This statement is effective for the year ending June 30, 2009.

The Government Accounting Standards Board has issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature and has an initial useful life extending beyond a single reporting period. In general, the new rules will cause district-wide financial statements to include intangible assets as capital assets. This statement is effective for the year ending June 30, 2010.

**Alma Public Schools**  
**Notes to Financial Statements**  
**June 30, 2008**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby cancel all encumbrances. These appropriations are reestablished at the beginning of the year.

The appropriation level adopted by the Board is the level of control authorized under the Act. The Act requires expenditures to be budgeted on a functional basis. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the Act if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations which were amended.

**Excess of Expenditures over Appropriations**

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Added needs	3,090,025	3,101,267	11,242
Adult and continuing education	89,745	91,844	2,099
Capital Outlay	400,669	409,870	9,201
Debt - interest and fiscal charges	52,971	53,135	164
Transfers out	473,500	478,274	4,774

**NOTE 3 - DEPOSITS AND INVESTMENTS**

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	\$ 1,890,759	\$ 256,009	\$ 2,146,768
Investments	<u>2,692,321</u>	<u>-</u>	<u>2,692,321</u>
	<u>\$ 4,583,080</u>	<u>\$ 256,009</u>	<u>\$ 4,839,089</u>

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 2,146,218
Investments in securities, mutual funds, and similar vehicles	2,692,321
Petty cash and cash on hand	<u>550</u>
Total	<u>\$ 4,839,089</u>

**Alma Public Schools**  
**Notes to Financial Statements**  
**June 30, 2008**

As of year end, the District had the following investments:

Investment	Fair Value	Rating	Rating Organization
Michigan Schools Liquid Asset Fund	<u>\$ 2,692,321</u>	AAA	S&P

*Interest rate risk* – The District has a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

*Credit risk* – State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

*Concentration of credit risk* – The District has no policy that would limit the amount that may be invested with any one issuer.

*Custodial credit risk – deposits* – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year end, \$1,995,745 of the District's bank balance of \$2,295,745 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial credit risk – investments* – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As

of year end, \$2,692,321 was held by the counterparty and was exposed to custodial credit risk because it was uninsured and uncollateralized.

**NOTE 4 - CAPITAL ASSETS**

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 723,068	\$ -	\$ -	\$ 723,068
Construction in progress	<u>357,288</u>	<u>83,535</u>	<u>122,463</u>	<u>318,360</u>
Total capital assets not being depreciated	<u>1,080,356</u>	<u>83,535</u>	<u>122,463</u>	<u>1,041,428</u>
Capital assets being depreciated				
Buildings and additions	36,947,575	487,167	-	37,434,742
Site improvements	3,395,597	25,570	-	3,421,167
Equipment and furniture	7,307,123	127,116	-	7,434,239
Buses and other vehicles	<u>1,235,036</u>	<u>67,494</u>	<u>47,459</u>	<u>1,255,071</u>
Total capital assets being depreciated	<u>48,885,331</u>	<u>707,347</u>	<u>47,459</u>	<u>49,545,219</u>
Less accumulated depreciation for				
Buildings and additions	8,459,939	719,477	-	9,179,416
Site improvements	442,875	115,146	-	558,021
Equipment and furniture	4,608,203	455,777	-	5,063,980
Buses and other vehicles	<u>813,416</u>	<u>79,534</u>	<u>47,459</u>	<u>845,491</u>
Total accumulated depreciation	<u>14,324,433</u>	<u>1,369,934</u>	<u>47,459</u>	<u>15,646,908</u>
Net capital assets being depreciated	<u>34,560,898</u>	<u>(662,587)</u>	<u>-</u>	<u>33,898,311</u>
Net capital assets	<u>\$ 35,641,254</u>	<u>\$ (579,052)</u>	<u>\$ 122,463</u>	<u>\$ 34,939,739</u>

**Alma Public Schools**  
**Notes to Financial Statements**  
**June 30, 2008**

Depreciation expense was charged to activities of the School District as follows:

**Governmental activities**

Instruction	\$ 900,857
Support services	441,826
Food services	8,028
Athletic activities	15,923
Community services	3,300
Total governmental activities	<u>\$ 1,369,934</u>

**Construction Contracts**

As of year end, the School District had the following construction contracts in progress:

	<u>Total Contract</u>	<u>Remaining Construction Commitment at Year End</u>
<b>Project</b>		
2003 Bond Constructon Project	<u>\$ 1,355,744</u>	<u>\$ 1,290,721</u>

This project is expected to be completed during fiscal year 2009.

**NOTE 5 - INTERFUND RECEIVABLE AND PAYABLE AND TRANSFERS**

Individual interfund receivable and payable balances at year end were:

Fund	Due from	Due to
General Fund	\$ -	\$ 3,640
Food Service	2,120	-
Athletics	6,042	-
Community Ed	120	-
Activity Fund	-	1,067
Internal Service Fund	-	3,575
	<u>\$ 8,282</u>	<u>\$ 8,282</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers consist of the following:

	<u>Transfer in</u>	<u>Transfer out</u>
General Fund	\$ -	\$ 478,274
Other governmental funds	478,274	-
	<u>\$ 478,274</u>	<u>\$ 478,274</u>

These transfers were made to cover the costs of School District programs that were in excess of revenues generated from those activities.

**Alma Public Schools**  
**Notes to Financial Statements**  
**June 30, 2008**

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**NOTE 6 - DEFERRED REVENUE**

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unearned</u>
Grant and categorical aid payments received prior to meeting all eligibility requirements	<u>\$ 266,359</u>

**NOTE 7 - LEASES**

**Operating Leases**

The School District leases two copiers under noncancelable operating leases. Total costs for such leases were \$20,563 for the year. The future minimum lease payments for these leases are as follows:

<b>Year ending June 30,</b>	
2009	\$ 20,688
2010	20,688
2011	<u>18,964</u>
Total	\$ 60,340

**Capital Leases**

The School District has a capital lease for copy machines. The future minimum lease payments are as follows:

<b>Year ending June 30,</b>	
2009	<u>\$ 2,673</u>
Total minimum lease payments	2,673
Less amount representing interest	44
Present value of minimum lease payments	\$ 2,629

The assets acquired through capital leases are as follows:

Assets	
Machinery and equipment	\$ 39,028
Less accumulated depreciation	<u>36,399</u>
Total	<u>\$ 2,629</u>

**NOTE 8 - STATE AID ANTICIPATION NOTE**

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30<sup>th</sup>.

Short-term debt activity for the year was as follows:

**Alma Public Schools**  
**Notes to Financial Statements**  
**June 30, 2008**

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	\$ 2,000,000	\$ 1,800,000	\$ 2,000,000	\$ 1,800,000

**NOTE 9 - LONG-TERM DEBT**

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk liabilities.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Government obligation bonds	\$ 27,040,000	\$ -	\$ 1,215,000	\$ 25,825,000	\$ 1,275,000
Other bonds	205,005	-	-	205,005	19,322
School Bond Loan	842,514	114,665	-	957,179	-
Capital lease	18,425	-	15,796	2,629	2,551
Compensated absences	1,031,046	30,172	-	1,061,218	-
Contracts payable	292,240	-	47,052	245,188	48,031
Discount on bonds	(168,546)	-	(6,483)	(162,063)	-
Deferred amount on refunding	(344,540)	-	(647)	(343,893)	-
Deferred issuance costs	(159,464)	-	(6,253)	(153,211)	-
<b>Total</b>	<b>\$ 28,756,680</b>	<b>\$ 144,837</b>	<b>\$ 1,264,465</b>	<b>\$ 27,637,052</b>	<b>\$ 1,344,904</b>

General obligation bonds payable at year end, consists of the following:

2003 Building and Site Bonds due in annual installments of \$575,000 to \$925,000 through May 1, 2026, interest at 3.20% to 4.75%	\$ 14,455,000
2000 Energy Bonds due in annual installments of \$85,000 to \$120,000 through May 1, 2015, interest at 5.50% to 5.70%	705,000
2000 Refunding Bonds due in annual installments of \$600,000 to \$735,000 through May 1, 2012, interest at 4.75% to 5.00%	2,690,000
2006 Refunding Bonds due in annual installments of \$15,000 to \$975,000 through May 1, 2033, interest at 4.00% to 4.25%	<u>7,975,000</u>
<b>Total general obligation bonded debt</b>	<b>\$ <u>25,825,000</u></b>

Future principal and interest requirements for bonded debt are as follows:

The general obligation bonds are payable from the Debt Service Funds. As of year end, the funds had a balance of \$ 160,948 to pay this debt. Future debt and interest will be payable from future tax levies.

Other bonds consist of the following:

1998 Durant Refunding serial bonds due in annual installments through 5/15/2013; interest 4.76% due annually	\$ 205,005
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These bond obligations issued by PA 142 are payable solely from and are secured solely by an assignment by each School District of certain categorical State School Aid payments. The State Legislature



**Alma Public Schools**  
**Notes to Financial Statements**  
**June 30, 2008**

has no obligation to make such appropriations. In the event the Legislature fails to appropriate funds, the School District is under no obligation for repayment of the debt obligation issued by PA 142.

Future principal and interest requirements are as follows:

<b>Year Ending June 30,</b>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 19,322	\$ 5,059	\$ 24,381
2010	20,241	4,139	24,380
2011	21,206	3,175	24,381
2012	120,964	42,847	163,811
2013	23,272	1,108	24,380
<b>Total</b>	<b><u>\$ 205,005</u></b>	<b><u>\$ 56,328</u></b>	<b><u>\$ 261,333</u></b>

Contracts payable consist of the following:

2000 Cabling installment contract due in semi-annual installments of \$7,957 through July 22, 2010, interest at 5.73% due semi-annually	\$ 39,867
1999 66 acre installment contract due in monthly installments of \$2,603 to \$3,106 through June 25, 2014, variable interest due monthly	<u>205,321</u>
<b>Total long-term contracts payable</b>	<b><u>\$ 245,188</u></b>

Future principal and interest requirements for the contracts payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>Year Ending June 30,</b>			
2009	\$ 48,031	\$ 7,328	\$ 55,359
2010	49,859	5,414	55,273
2011	41,902	3,385	45,287
2012	34,897	2,496	37,393
2013	35,258	1,517	36,775
2014	<u>35,241</u>	<u>510</u>	<u>35,751</u>
<b>Total</b>	<b><u>\$ 245,188</u></b>	<b><u>\$ 20,650</u></b>	<b><u>\$ 265,838</u></b>

**State School Bond Loan**

The State School Bond Loan consists of a borrowing agreement with the State of Michigan for the purpose of meeting the financing of current debt maturities. Management of the School District anticipates that as the other bonds mature, the revenues provided by the debt millage will be sufficient to satisfy the future debt service requirements of the bonds and all necessary borrowing from the State School Bond Loan Fund. During the year, the School District borrowed \$114,665 and had an outstanding balance at year of \$957,179, from the State School Bond Loan Fund. The School District has agreed to repay the loan amount with interest at rates and at times to be determined by the State Treasurer.

**Alma Public Schools**  
**Notes to Financial Statements**  
**June 30, 2008**

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**Compensated Absences**

Accrued compensated absences at year end, consists of \$45,256 of vacation hours earned and vested and \$1,015,962 in accrued sick time benefits. The entire vested amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year.

**Retirement Benefits**

The School District offered a voluntary severance incentive plan to employees to be paid in the following year. The balance as of year end, was \$105,000.

Future payments are as follows:

Year Ending June 30,	
2009	\$ 105,000

**NOTE 10 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and natural disasters. To minimize such risks of loss the District has purchased commercial insurance from independent third parties for general liability, property and casualty and health, dental, and vision claims.

In addition to risks described above, the District is subject to risk of loss as a result of employee injuries (worker's compensation). To minimize such risk of loss, the District participates in a public entity risk pool through the School Employers Group. The District's contribution to the pool during fiscal year 2007-08 net of prior year rebates amounted to \$96,600. The possibility of additional liabilities in excess of current year contributions exists, however, these amounts are indeterminable and believed to be immaterial, and as

such no contingent liabilities have been recognized on the District's financial statements for the year ended June 30, 2008.

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method the School District must reimburse the Employment Commission for all benefits charged against the School District for the year. The School District had unemployment compensation expense of \$15,598 for the year ended June 30, 2008. No provision has been made for possible future claims.

In the current year the School District became partially self-insured for health benefits paid on behalf of 80% of its employees. Payments are made to the insurance administrator each month based on actual claims and administration fees. The plan provides a stop-loss provision of \$20,000 per employee and \$1,214,480 aggregate.

Change in estimated liabilities for claims for health benefits for the year is as follows:

Estimated liability at the beginning of the year	\$ -
Estimated claims incurred including changes in estimates	1,218,348
Claim payments	<u>(1,083,868)</u>
Estimated liability end of year	\$ 134,480

**NOTE 11 - DEFINED BENEFIT PENSION PLAN**

**Plan Description**

The School District has a defined benefit pension plan covering substantially all employees. The plan is operated by the State of Michigan's Public School Employees Retirement System (MPERS), which is a cost-sharing public employee retirement system (PERS).

The pension plan provides retirement, survivor and disability benefits to plan members and their beneficiaries.

# Alma Public Schools

## Notes to Financial Statements

### June 30, 2008

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MPERS operates within the Michigan Department of Management and Budget, Office of Retirement Systems who has the authority to establish and amend benefit provisions. The Michigan Department of Management and Budget issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. The report provides information for the plan as a whole and information helpful for understanding the scale of the information presented relative to the School. That report may be obtained by writing Office of Retirement Services, P.O. Box 30171, Lansing, Michigan 48909-7671 or calling 800-381-5111.

#### Funding Policy

The School is required by State statute to contribute to MPERS an actuarially determined percentage of payroll for all participating employees. Additionally, employees participating in the Member Investment Plan contributed 3% to 4.3% of their covered wages through payroll deduction. In addition to retirement benefits, a portion of the total MPERS contribution is allocated to cover health, dental and vision benefits. The following table discloses pertinent information relative to MPERS funding for the three-year period beginning July 1, 2005 through June 30, 2008.

	2008	2007	2006
Funding percentage range	16.72 -17.74%	16.34 -17.74%	14.87-16.34%
Total payroll	11,842,235	12,194,539	12,709,394
Total covered payroll	11,722,087	12,117,826	12,563,098
School contributions	1,985,358	2,100,021	2,012,247
Employee MIP contributions	332,400	336,285	354,832
Tax deferred payment program	75,453	86,772	72,676
Portion of school contribution covering health, dental and vision benefits	39%	37%	40%

#### Trend Information

Ten-year historical trend information is presented in the September 30, 2007, PERS Comprehensive Annual Financial Report. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. The total benefit obligations and net assets available for benefits as of September 30, 2006, the latest date for which information is available, approximates \$49.1 billion and \$43.0 billion, respectively. The School's share of the total current actuarially determined employer contribution requirement under MPERS was less than 1% for the year ended September 30, 2007.

#### Post Employment Benefits

In addition to the pension benefits described above, the School District provides post-retirement health care, dental, and vision benefits for retirees and beneficiaries through Michigan Public School Employees Retirement System (MPERS).

Expenditures for these benefits are recognized on a cash disbursement basis. During the year ended September 30, 2007, statewide expenditures of \$654 million were recognized for post-retirement health care, dental and vision. This represented approximately 18% of the total expenditures of the Michigan Public School Employees Retirement System.

#### NOTE 12 - CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The

**Alma Public Schools**  
**Notes to Financial Statements**  
**June 30, 2008**

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amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2008.

**NOTE 13 - SUBSEQUENT EVENT**

Subsequent to June 30, 2008, the School District has paid the balance of the \$1,800,000 and accrued interest on the short-term state aid anticipation note borrowed in August of 2007 and has subsequently borrowed \$1,800,000 in short-term state aid anticipation notes with annual interest of 1.7% through the Michigan Municipal Bond Authority. Proceeds from the borrowing were distributed to the School District in August of 2008.

## REQUIRED SUPPLEMENTAL INFORMATION

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**Alma Public Schools**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 2,269,157	\$ 2,264,608	\$ 2,310,866	\$ 46,258
State sources	16,608,689	16,628,095	16,633,550	5,455
Federal sources	638,750	849,231	818,517	(30,714)
Interdistrict sources	1,142,797	1,266,142	1,261,816	(4,326)
Total revenues	20,659,393	21,008,076	21,024,749	16,673
<b>Expenditures</b>				
Instruction				
Basic programs	9,579,001	9,577,893	9,529,322	(48,571)
Added needs	3,031,037	3,090,025	3,101,267	11,242
Adult and continuing education	55,157	89,745	91,844	2,099
Supporting services				
Pupil	1,083,939	1,127,482	1,112,814	(14,668)
Instructional staff	292,169	366,635	353,999	(12,636)
General administration	230,761	236,170	218,970	(17,200)
School administration	1,367,453	1,331,778	1,326,713	(5,065)
Business	590,851	560,622	553,753	(6,869)
Operations and maintenance	2,557,688	2,601,330	2,564,016	(37,314)
Pupil transportation services	783,872	716,842	679,887	(36,955)
Central	278,999	231,034	213,970	(17,064)
Community services	85,550	192,094	162,476	(29,618)
Capital outlay	100,000	400,669	409,870	9,201
Debt service				
Principal	142,641	142,928	142,848	(80)
Interest and fiscal charges	52,758	52,971	53,135	164
Total expenditures	20,231,876	20,718,218	20,514,884	(203,334)

**Alma Public Schools**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
Excess of revenues over expenditures	\$ 427,517	\$ 289,858	\$ 509,865	\$ 220,007
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	5,000	5,000	5,943	943
Transfers out	(465,500)	(473,500)	(478,274)	(4,774)
Total other financing uses	(460,500)	(468,500)	(472,331)	(3,831)
Net change in fund balance	(32,983)	(178,642)	37,534	216,176
Fund balance - beginning	1,695,130	1,695,130	1,695,130	-
Fund balance - ending	\$ 1,662,147	\$ 1,516,488	\$ 1,732,664	\$ 216,176

## OTHER SUPPLEMENTAL INFORMATION

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**Alma Public Schools**  
**Other Supplemental Information**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2008**

	Special Revenue Funds			Debt Service Funds			Total Nonmajor Governmental Funds
	Food Services	Athletics	Community Services	2000 Debt Service	2003 Debt Service	2006 Debt Service	
<b>Assets</b>							
Cash	\$ 1,651	\$ -	\$ -	\$ 53,324	\$ 83,741	\$ 23,883	\$ 162,599
Accounts receivable	-	-	320	-	-	-	320
Due from other funds	2,120	6,042	120	-	-	-	8,282
Inventory	10,298	-	-	-	-	-	10,298
Prepaid items	-	2,194	-	-	-	-	2,194
Total assets	<u>\$ 14,069</u>	<u>\$ 8,236</u>	<u>\$ 440</u>	<u>\$ 53,324</u>	<u>\$ 83,741</u>	<u>\$ 23,883</u>	<u>\$ 183,693</u>
<b>Liabilities and Fund Balance</b>							
Liabilities							
Accounts payable	<u>\$ 820</u>	<u>\$ 8,194</u>	<u>\$ 440</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,454</u>
Fund Balance							
Reserved for debt service	-	-	-	53,324	83,741	23,883	160,948
Other undesignated	<u>13,249</u>	<u>42</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,291</u>
Total fund balance	<u>13,249</u>	<u>42</u>	<u>-</u>	<u>53,324</u>	<u>83,741</u>	<u>23,883</u>	<u>174,239</u>
Total liabilities and fund balance	<u>\$ 14,069</u>	<u>\$ 8,236</u>	<u>\$ 440</u>	<u>\$ 53,324</u>	<u>\$ 83,741</u>	<u>\$ 23,883</u>	<u>\$ 183,693</u>

**Alma Public Schools**  
**Other Supplemental Information**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2008**

	Special Revenue Funds			Debt Service Funds			Total Nonmajor Governmental Funds
	Food Services	Athletics	Community Services	2000 Debt Service	2003 Debt Service	2006 Debt Service	
<b>Revenues</b>							
Local sources	\$ 273,413	\$ 165,616	\$ 32,437	\$ 705,568	\$ 1,136,182	\$ 302,825	\$ 2,616,041
State sources	58,817	-	-	-	-	-	58,817
Federal sources	469,090	-	-	-	-	-	469,090
Total revenues	801,320	165,616	32,437	705,568	1,136,182	302,825	3,143,948
<b>Expenditures</b>							
Current							
Education							
Food services	795,409	-	-	-	-	-	795,409
Athletic activities	-	609,844	-	-	-	-	609,844
Community services	-	-	66,483	-	-	-	66,483
Capital outlay	343	-	-	-	-	-	343
Debt service							
Principal	-	-	-	550,000	570,000	15,000	1,135,000
Interest and other expenditures	-	-	-	156,388	622,374	331,931	1,110,693
Total expenditures	795,752	609,844	66,483	706,388	1,192,374	346,931	3,717,772
Excess (deficiency) of revenues over expenditures	5,568	(444,228)	(34,046)	(820)	(56,192)	(44,106)	(573,824)
<b>Other Financing Sources</b>							
Proceeds from school bond loan fund	-	-	-	4,595	43,247	66,823	114,665
Transfers in	-	444,228	34,046	-	-	-	478,274
Total other financing sources	-	444,228	34,046	4,595	43,247	66,823	592,939
Net change in fund balance	5,568	-	-	3,775	(12,945)	22,717	19,115
Fund balance - beginning	7,681	42	-	49,549	96,686	1,166	155,124
Fund balance - ending	\$ 13,249	\$ 42	\$ -	\$ 53,324	\$ 83,741	\$ 23,883	\$ 174,239

**Alma Public Schools**  
**Other Supplemental Information**  
**General Fund**  
**Comparative Balance Sheet**  
**June 30, 2008**

	2008	2007
<b>Assets</b>		
Cash	\$ 1,222,671	\$ 1,082,890
Accounts receivable	125,400	110,308
Due from other funds	-	109,279
Due from other governmental units	3,144,002	3,075,160
Inventory	48,513	50,724
Investments	1,361,847	1,273,797
Prepaid items	15,838	14,725
Total assets	<u>\$ 5,918,271</u>	<u>\$ 5,716,883</u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 136,735	\$ 181,205
State aid anticipation note payable	1,800,000	2,000,000
Due to other funds	3,640	-
Due to other governmental units	77,466	91,190
Payroll deductions and withholdings	118,388	119,407
Accrued expenditures	755,357	517,621
Accrued salaries payable	1,027,662	837,184
Deferred revenue	266,359	275,146
Total liabilities	<u>4,185,607</u>	<u>4,021,753</u>
<b>Fund Balance</b>		
Reserved for inventory	48,513	50,724
Reserved for prepaid items	15,838	14,725
Reserved for contributions	61,705	65,339
Other undesignated	1,606,608	1,564,342
Total fund balance	<u>1,732,664</u>	<u>1,695,130</u>
Total liabilities and fund balance	<u>\$ 5,918,271</u>	<u>\$ 5,716,883</u>

**Alma Public Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Revenues Compared to Budget**  
**For the Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
<b>Revenue from local sources</b>			
Property tax levy	\$ 1,950,675	\$ 1,950,960	\$ 285
Tuition	20,000	26,146	6,146
Transportation fees	4,000	7,989	3,989
Earnings on investments	70,000	73,325	3,325
Community service activities	9,400	9,355	(45)
Other local revenues	<u>210,533</u>	<u>243,091</u>	<u>32,558</u>
Total revenues from local sources	<u>2,264,608</u>	<u>2,310,866</u>	<u>46,258</u>
<b>Revenues from state sources</b>			
Grants - unrestricted	15,129,981	15,167,085	37,104
Grants - restricted	<u>1,498,114</u>	<u>1,466,465</u>	<u>(31,649)</u>
Total revenues from state sources	<u>16,628,095</u>	<u>16,633,550</u>	<u>5,455</u>
<b>Revenues from federal sources</b>			
Grants	<u>849,231</u>	<u>818,517</u>	<u>(30,714)</u>
<b>Interdistrict sources</b>			
ISD collected millage	843,945	843,945	-
Other	<u>422,197</u>	<u>417,871</u>	<u>(4,326)</u>
Total interdistrict sources	<u>1,266,142</u>	<u>1,261,816</u>	<u>(4,326)</u>
<b>Other financing sources</b>			
Proceeds from sale of capital assets	<u>5,000</u>	<u>5,943</u>	<u>943</u>
Total revenue and other financing sources	<u>\$ 21,013,076</u>	<u>\$ 21,030,692</u>	<u>\$ 17,616</u>

**Alma Public Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2008**

	Budget	Actual	Over (Under) Final Budget
<b>Basic program - elementary</b>			
Salaries	\$ 2,794,808	\$ 2,815,541	\$ 20,733
Employee benefits	1,309,534	1,288,357	(21,177)
Purchased services	4,552	9,527	4,975
Supplies and materials	102,732	88,997	(13,735)
Other	13,547	5,701	(7,846)
Total elementary	<u>4,225,173</u>	<u>4,208,123</u>	<u>(17,050)</u>
<b>Basic program - middle school</b>			
Salaries	1,402,697	1,403,091	394
Employee benefits	721,728	719,793	(1,935)
Purchased services	200	1,452	1,252
Supplies and materials	104,643	99,786	(4,857)
Other	2,609	2,685	76
Total middle school	<u>2,231,877</u>	<u>2,226,807</u>	<u>(5,070)</u>
<b>Basic program - high school</b>			
Salaries	1,848,131	1,852,307	4,176
Employee benefits	884,779	867,224	(17,555)
Purchased services	27,250	33,677	6,427
Supplies and materials	134,265	116,627	(17,638)
Other	6,533	5,267	(1,266)
Total high school	<u>2,900,958</u>	<u>2,875,102</u>	<u>(25,856)</u>

**Alma Public Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2008**

	Budget	Actual	Over (Under) Final Budget
<b>Basic program - pre-school</b>			
Salaries	\$ 152,139	\$ 153,453	\$ 1,314
Employee benefits	58,666	57,142	(1,524)
Purchased services	1,000	604	(396)
Supplies and materials	6,695	5,816	(879)
Other	705	700	(5)
Total pre-school	<u>219,205</u>	<u>217,715</u>	<u>(1,490)</u>
<b>Basic program - summer school</b>			
Salaries	540	1,260	720
Employee benefits	140	315	175
Total summer school	<u>680</u>	<u>1,575</u>	<u>895</u>
<b>Added needs - special education</b>			
Salaries	934,465	938,963	4,498
Employee benefits	427,584	432,155	4,571
Purchased services	-	-	-
Supplies and materials	10,739	10,533	(206)
Other	-	245	245
Total special education	<u>1,372,788</u>	<u>1,381,896</u>	<u>9,108</u>
<b>Added needs - compensatory education</b>			
Salaries	424,091	419,870	(4,221)
Employee benefits	152,422	152,440	18
Supplies and materials	3,672	3,290	(382)
Total compensatory education	<u>580,185</u>	<u>575,600</u>	<u>(4,585)</u>

**Alma Public Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2008**

	Budget	Actual	Over (Under) Final Budget
<b>Added needs - career and technical education</b>			
Salaries	\$ 448,607	\$ 451,904	\$ 3,297
Employee benefits	196,668	190,549	(6,119)
Purchased services	13,100	10,676	(2,424)
Supplies and materials	48,477	40,439	(8,038)
Other	430,200	450,203	20,003
Total career and technical education	1,137,052	1,143,771	6,719
<b>Adult and continuing education - secondary</b>			
Salaries	63,862	64,326	464
Employee benefits	23,026	25,794	2,768
Supplies and materials	2,600	1,238	(1,362)
Other	257	486	229
Total secondary	89,745	91,844	2,099
<b>Pupil - guidance services</b>			
Salaries	266,754	273,228	6,474
Employee benefits	137,872	128,578	(9,294)
Supplies and materials	6,000	4,093	(1,907)
Total guidance services	410,626	405,899	(4,727)
<b>Pupil - health services</b>			
Salaries	29,500	24,472	(5,028)
Employee benefits	7,270	6,036	(1,234)
Purchased services	1,250	1,816	566
Supplies and materials	1,200	540	(660)
Total health services	39,220	32,864	(6,356)

**Alma Public Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2008**

	Budget	Actual	Over (Under) Final Budget
<b>Pupil - speech services</b>			
Salaries	\$ 148,110	\$ 149,111	\$ 1,001
Employee benefits	70,260	69,725	(535)
Purchased services	-	40	40
Supplies and materials	1,600	1,582	(18)
Total speech services	219,970	220,458	488
<b>Pupil - social work services</b>			
Salaries	169,954	169,955	1.00
Employee benefits	91,046	87,640	(3,406)
Purchased services	-	183	183
Supplies and materials	91	90	(1)
Total social work services	261,091	257,868	(3,223)
<b>Pupil - other support services</b>			
Salaries	154,180	153,286	(894)
Employee benefits	37,723	38,091	368
Purchased services	2,500	2,406	(94)
Supplies and materials	2,172	1,942	(230)
Total other pupil support services	196,575	195,725	(850)
<b>Instructional staff - improvement of education</b>			
Salaries	19,143	15,820	(3,323)
Employee benefits	4,180	3,922	(258)
Purchased services	41,861	35,668	(6,193)
Supplies and materials	13,240	12,089	(1,151)
Other	1,200	1,000	(200)
Total improvement of education	79,624	68,499	(11,125)



**Alma Public Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2008**

	Budget	Actual	Over (Under) Final Budget
<b>Instructional staff - educational media services</b>			
Salaries	\$ 159,835	\$ 165,474	\$ 5,639
Employee benefits	79,426	77,872	(1,554)
Purchased services	1,000	75	(925)
Supplies and materials	30,395	28,668	(1,727)
Total educational media services	270,656	272,089	1,433
<b>Instructional staff - supervision and direction of instructional staff</b>			
Purchased services	1,200	270	(930)
Supplies and materials	2,100	1,364	(736)
Total supervision and direction of instructional staff	3,300	1,634	(1,666)
<b>Instructional staff - academic student assessment</b>			
Purchased services	11,755	9,965	(1,790)
Supplies and materials	1,300	1,512	212
Other	-	300	300
Total academic student assessment	13,055	11,777	(1,278)
<b>General administration - board of education</b>			
Salaries	2,100	2,100	-
Purchased services	44,700	36,350	(8,350)
Supplies and materials	1,200	1,760	560
Other	15,800	5,877	(9,923)
Total board of education	63,800	46,087	(17,713)
<b>General administration - executive administration</b>			
Salaries	109,006	109,548	542
Employee benefits	53,264	52,644	(620)
Purchased services	4,800	6,874	2,074
Supplies and materials	300	793	493
Other	5,000	1,826	(3,174)
Total executive administration	172,370	171,685	(685)

**Alma Public Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2008**

	Budget	Actual	Over (Under) Final Budget
<b>General administration - grant writer/grant procurement</b>			
Purchased services	\$ -	\$ 1,198	\$ 1,198
<b>School administration - office of the principal</b>			
Salaries	859,170	861,468	2,298
Employee benefits	413,558	406,510	(7,048)
Purchased services	29,664	25,647	(4,017)
Supplies and materials	20,471	22,562	2,091
Other	2,915	4,237	1,322
Total office of the principal	1,325,778	1,320,424	(5,354)
<b>School administration - other</b>			
Supplies and materials	6,000	6,289	289
<b>Business - fiscal services</b>			
Salaries	171,509	175,052	3,543
Employee benefits	98,314	98,857	543
Purchased services	30,900	30,387	(513)
Supplies and materials	4,200	4,117	(83)
Other	8,192	6,933	(1,259)
Total fiscal services	313,115	315,346	2,231
<b>Business - internal services</b>			
Salaries	89,347	90,173	826
Employee benefits	23,225	22,599	(626)
Purchased services	6,500	2,110	(4,390)
Other	1,200	1,540	340
Total internal services	120,272	116,422	(3,850)

**Alma Public Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2008**

	Budget	Actual	Over (Under) Final Budget
<b>Business - other</b>			
Employee benefits	\$ 1,700	\$ 93	\$ (1,607)
Purchased services	26,735	21,816	(4,919)
Other	98,800	100,076	1,276
Total other business	127,235	121,985	(5,250)
<b>Operations and maintenance - operating building services</b>			
Salaries	864,724	842,251	(22,473)
Employee benefits	513,436	511,717	(1,719)
Purchased services	338,800	343,580	4,780
Supplies and materials	873,250	855,329	(17,921)
Other	4,000	4,094	94
Total operating building services	2,594,210	2,556,971	(37,239)
<b>Operations and maintenance - security services</b>			
Purchased services	6,770	6,700	(70)
Supplies and materials	350	345	(5)
Total security services	7,120	7,045	(75)
<b>Pupil transportation services</b>			
Salaries	323,309	320,030	(3,279)
Employee benefits	198,467	182,056	(16,411)
Purchased services	29,416	17,502	(11,914)
Supplies and materials	158,650	155,361	(3,289)
Other	7,000	4,938	(2,062)
Total transportation services	716,842	679,887	(36,955)
<b>Central - planning, research development and evaluation</b>			
Purchased services	1,000	-	(1,000)

**Alma Public Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2008**

	Budget	Actual	Over (Under) Final Budget
<b>Central - staff/personnel services</b>			
Salaries	\$ 22,644	\$ 22,649	\$ 5
Employee benefits	7,788	7,706	(82)
Purchased services	22,000	10,640	(11,360)
Supplies and materials	-	1,039	1,039
Other	17,434	13,289	(4,145)
Total staff/personnel services	69,866	55,323	(14,543)
<b>Central - support services technology</b>			
Salaries	79,308	80,276	968
Employee benefits	45,436	45,972	536
Purchased services	28,224	26,790	(1,434)
Supplies and materials	6,350	5,023	(1,327)
Other	850	586	(264)
Total support services technology	160,168	158,647	(1,521)
<b>Community services - direction</b>			
Salaries	62,500	46,491	(16,009)
Employee benefits	15,236	11,520	(3,716)
Purchased services	57,500	55,273	(2,227)
Supplies and materials	3,000	4,086	1,086
Other	3,700	1,487	(2,213)
Total direction	141,936	118,857	(23,079)
<b>Community services - community activities</b>			
Purchased services	230	230	-
Supplies and materials	365	365	-
Other	5,766	4,136	(1,630)
Total community activities	6,361	4,731	(1,630)

**Alma Public Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2008**

	Budget	Actual	Over (Under) Final Budget
<b>Community services - custody and care of children</b>			
Employee benefits	\$ 3,200	\$ 3,177	\$ (23)
Purchased services	11,086	11,072	(14)
Supplies and materials	1,453	1,453	-
Other	317	318	1
Total custody and care of children	16,056	16,020	(36)
<b>Community services - welfare activities</b>			
Purchased services	3,880	3,878	(2)
<b>Community services - non-public school pupils</b>			
Salaries	-	913	913
Employee benefits	-	227	227
Other	1,611	321	(1,290)
Total non-public school pupils	1,611	1,461	(150)
<b>Community services - other</b>			
Salaries	18,900	11,000	(7,900)
Employee benefits	2,000	927	(1,073)
Purchased services	750	3,021	2,271
Supplies and materials	400	2,581	2,181
Other	200	-	(200)
Total other	22,250	17,529	(4,721)

**Alma Public Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2008**

	Budget	Actual	Over (Under) Final Budget
<b>Capital outlay</b>			
Basic program - elementary	\$ 5,135	\$ 3,996	\$ (1,139)
Basic program - middle school	-	772	772
Basic program - high school	19,444	27,446	8,002
Added needs - career and technical education	-	10,323	10,323
Business - fiscal services	2,000	-	(2,000)
Operations and maintenance - operating building services	94,500	94,410	(90)
Pupil transportation services	69,400	68,559	(841)
Central - support services technology	57,675	58,077	402
Other support services	152,515	146,287	(6,228)
Total capital outlay	<u>400,669</u>	<u>409,870</u>	<u>9,201</u>
<b>Debt service</b>			
Principal	142,928	142,848	(80)
Interest and other expenditures	<u>52,971</u>	<u>53,135</u>	<u>164</u>
Total debt service	<u>195,899</u>	<u>195,983</u>	<u>84</u>
<b>Other financing uses</b>			
Transfers out	<u>473,500</u>	<u>478,274</u>	<u>4,774</u>
Total expenditures and financing uses	<u>\$ 21,191,718</u>	<u>\$ 20,993,158</u>	<u>\$ (198,560)</u>

**Alma Public Schools**  
**Other Supplemental Information**  
**Fiduciary Funds**  
**Statement of Changes in Amounts Due to Student Groups**  
**For the Year Ended June 30, 2008**

	Due to (From) Student Groups July 1, 2007	Cash Receipts	Cash Disbursements	Due to (From) Student Groups June 30, 2008
High School accounts				
Advanced Placement Test	\$ 1,389	\$ 5,910	\$ 5,284	\$ 2,015
All Student Fund	222	-	-	222
Annual Yearbook	1,689	35,885	32,991	4,583
Art	250	-	-	250
At-risk	12	-	-	12
Band	66	901	814	153
Boys Bowling	1,118	1,217	1,917	418
Boys Basketball	367	-	-	367
Business Professionals	381	3,019	3,223	177
Cheerleading	149	-	136	13
Class 2002	614	-	-	614
Class 2003	372	-	-	372
Class 2004	36	-	-	36
Class 2005	643	-	-	643
Class 2006	843	-	-	843
Class 2007	1	-	-	1
Class 2008	6,484	3,781	9,621	644
Class 2009	3,767	11,552	11,068	4,251
Class 2010	1,646	1,673	650	2,669
Class 2011	-	1,653	10	1,643
Close-up Activity	1,490	2,058	692	2,856
After School - enrichment	3,138	18,690	6,158	15,670
Community Paw Print Shop	12,910	14,681	8,452	19,139
Consumer Science	58	-	-	58
Creative Writing Workshop	510	-	-	510
Cross Country	28	560	227	361
Cultural	62	-	-	62
Debate/Forensics	34	2,743	2,734	43
Drama Club	1,105	1,148	1,181	1,072
Electricity/Small Engines	300	-	-	300
Energy Conservation	2,688	-	-	2,688
Equestrian Club	79	40	-	119
FFA - Future Farmers	1,897	19,709	19,404	2,202
FFA-Greenhouse	\$ 21,340	\$ 40,641	\$ 40,470	\$ 21,511

**Alma Public Schools**  
**Other Supplemental Information**  
**Fiduciary Funds**  
**Statement of Changes in Amounts Due to Student Groups**  
**For the Year Ended June 30, 2008**

	Due to (From) Student Groups July 1, 2007	Cash Receipts	Cash Disbursements	Due to (From) Student Groups June 30, 2008
FFA/WLC	1,213	35,791	27,651	9,353
FHA/FCCLA	597	7,108	10,454	(2,749)
Football	1	-	-	1
French Club	2,391	-	32	2,359
Girls Bowling	200	1,030	1,230	-
Girls Soccer Club	351	1,327	1,453	225
Golf - High School	20	-	-	20
Comm. Ed. - Hockey Club	136	-	-	136
Guidance	16	592	574	34
H.O.S.A.	1,944	5,422	6,268	1,098
High School IMC	1,676	1,228	1,604	1,300
Humanities	100	1,298	1,032	366
Journalism	281	-	-	281
Kids Football - Comm. Ed.	35	-	-	35
Children's Christmas Fund	-	50,000	49,965	35
Lift-a-thon	6	-	-	6
Memorial Fund - P. Luneack	-	1,500	1,500	-
Memorial Fund - C. Hawk	-	555	-	555
National Honor Society	973	2,004	2,394	583
National Vocational Tech	108	-	86	22
Pep Club	24	-	-	24
Pom Pon Girls	342	5,664	5,717	289
Pride	22	-	-	22
S.A.A.D.	1,213	-	1,213	-
Science Department	-	1,000	645	355
Soccer	211	325	522	14
Spanish Club	1,760	-	1,105	655
Stratford Trip	375	3,202	3,183	394
Student Challenge	886	-	-	886
Student Council	3,233	4,251	3,768	3,716
Student Council - Mid Michigan Conf.	3	-	-	3
Team Activities	105	-	-	105
Track	65	-	40	25
TVC Academic Activity	1,459	6,888	7,122	1,225
U.S. History	\$ 421	\$ -	\$ -	\$ 421



**Alma Public Schools**  
**Other Supplemental Information**  
**Fiduciary Funds**  
**Statement of Changes in Amounts Due to Student Groups**  
**For the Year Ended June 30, 2008**

	Due to (From) Student Groups July 1, 2007	Cash Receipts	Cash Disbursements	Due to (From) Student Groups June 30, 2008
Vocal Music	2,816	2,891	1,986	3,721
Volleyball	269	-	-	269
Welding	638	4,447	3,616	1,469
Wood Shop	578	-	-	578
Youth Fund Raising	4,675	-	-	4,675
Total High School Accounts	94,831	302,384	278,192	119,023
Intermediate School Accounts				
Art - Pine Avenue	6	3,211	2,600	617
Band	3	12	-	15
Cross Country	734	946	245	1,435
Drama Club	593	-	-	593
Gumption	348	-	348	-
IMC	775	5,288	4,840	1,223
5th Grade Fundraising	185	-	-	185
6th Grade Fundraising	430	4,022	2,488	1,964
7th Grade Fundraising	241	1,690	549	1,382
8th Grade Fundraising	-	2,800	2,961	(161)
Leadership	2,999	20,319	19,571	3,747
Middle School - General	597	1,072	682	987
Paw Print	6,556	5,636	11,204	988
Student Council	650	1,196	956	890
Student Store	1,774	-	1,774	-
Technology Club	1,378	576	-	1,954
Technology Club - Hillcrest	110	-	-	110
Track	168	635	596	207
Wildcats	4,248	10,759	10,861	4,146
Total Intermediate School Accounts	21,795	58,162	59,675	20,282
General Office	11,632	7,885	5,145	14,372
Other Groups	89,362	212,359	203,914	97,807
Total	\$ 217,620	\$ 580,790	\$ 546,926	\$ 251,484

**Alma Public Schools**  
**Other Supplemental Information**  
**Schedule of Outstanding Bonded Indebtedness**  
**June 30, 2008**

Year Ending June 30,	2006 Refunding Bonds	2000 Refunding Bonds	2000 Energy Bonds	2003 Building and Site Bonds	1998 Durant Bonds	Total
2009	\$ 15,000	\$ 600,000	\$ 85,000	\$ 575,000	\$ 19,322	1,294,322
2010	15,000	650,000	90,000	580,000	20,241	1,355,241
2011	20,000	705,000	95,000	585,000	21,206	1,426,206
2012	20,000	735,000	100,000	620,000	120,964	1,595,964
2013	20,000	-	105,000	925,000	23,272	1,073,272
2014	20,000	-	110,000	925,000	-	1,055,000
2015	20,000	-	120,000	925,000	-	1,065,000
2016	20,000	-	-	925,000	-	945,000
2017	25,000	-	-	925,000	-	950,000
2018	25,000	-	-	925,000	-	950,000
2019	25,000	-	-	925,000	-	950,000
2020	25,000	-	-	925,000	-	950,000
2021	25,000	-	-	925,000	-	950,000
2022	25,000	-	-	925,000	-	950,000
2023	30,000	-	-	925,000	-	955,000
2024	30,000	-	-	925,000	-	955,000
2025	30,000	-	-	925,000	-	955,000
2026	885,000	-	-	70,000	-	955,000
2027	955,000	-	-	-	-	955,000
2028	975,000	-	-	-	-	975,000
2029	970,000	-	-	-	-	970,000
2030	960,000	-	-	-	-	960,000
2031	955,000	-	-	-	-	955,000
2032	945,000	-	-	-	-	945,000
2033	940,000	-	-	-	-	940,000
Total	<u>\$ 7,975,000</u>	<u>\$ 2,690,000</u>	<u>\$ 705,000</u>	<u>\$ 14,455,000</u>	<u>\$ 205,005</u>	<u>\$ 26,030,005</u>
Principal payments due on	May 1st	May 1st	May 1st	May 1st	May 15th	
Interest payments due on	May 1st and November 1st	May 1st and November 1st	May 1st and November 1st	May 1st and November 1st	May 15th	
Interest rate	4.00% - 4.25%	4.75% - 5.00%	5.50% - 5.70%	3.20% - 4.75%	4.76%	
Original issue	<u>\$ 8,000,000</u>	<u>\$ 5,805,000</u>	<u>\$ 1,200,000</u>	<u>\$ 24,180,000</u>	<u>\$ 347,193</u>	

**Alma Public Schools**

**Alma, Michigan**

**Single Audit Report**

**June 30, 2008**

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**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance With *Government Auditing Standards***

Members of the Board of Education  
Alma Public Schools  
Alma, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alma Public Schools as of and for the year ended June 30, 2008, which collectively comprise the Alma Public Schools' basic financial statements and have issued our report thereon dated October 13, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Alma Public Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alma Public Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Alma Public Schools' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Alma Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Education, management and related regulatory agencies and is not intended for and should not be used by anyone other than these specified parties.

*Yeo & Yeo, P.C.*

Alma, Michigan  
October 13, 2008



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## **Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

Members of the Board of Education  
Alma Public Schools  
Alma, Michigan

### Compliance

We have audited the compliance of the Alma Public Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Alma Public School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Alma Public Schools' management. Our responsibility is to express an opinion on Alma Public Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Alma Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Alma Public Schools' compliance with those requirements.

In our opinion, the Alma Public Schools complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2008.

### Internal Control over Compliance

The management of Alma Public Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Alma Public Schools' internal control over compliance with requirements that could have a

direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Alma Public Schools' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alma Public Schools as of and for the year ended June 30, 2008, and have issued our report thereon dated October 13, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Alma Public Schools basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management and others within the District, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Yeo & Yeo, P.C.*

Alma, Michigan  
October 13, 2008



**Alma Public Schools**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2008**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Approved Award Amount	Accrued (Deferred) Revenue July 1, 2007	Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Accrued (Deferred) Revenue June 30, 2008
<b>U.S. Department of Agriculture</b>								
Passed through Michigan Department of Education Entitlement Commodities	10.550		\$ 35,028	\$ -	\$ -	\$ 35,028	\$ 35,028	\$ -
Child Nutrition Cluster								
National School Lunch - Breakfast	10.553	071970	86,728	-	77,846	8,882	8,882	-
National School Lunch - Breakfast		081970	83,578	-	-	83,578	83,578	-
			170,306	-	77,846	92,460	92,460	-
National School Lunch Sec. 4 - All Lunches	10.555	071950	50,365	-	44,879	5,516	5,516	-
National School Lunch Sec. 4 - All Lunches		081950	44,291	-	-	44,291	44,291	-
National School Lunch Sec. 11 - Free & Reduced		071960	279,849	-	247,729	32,120	32,120	-
National School Lunch Sec. 11 - Free & Reduced		081960	259,675	-	-	259,675	259,675	-
			634,180	-	292,608	341,602	341,602	-
Total - Child Nutrition Cluster			804,486	-	370,454	434,062	434,062	-
Child Care Food Program - Cash in Lieu of Commodities	10.558	071920	5,155	644	3,733	1,422	778	-
Child Care Food Program - Cash in Lieu of Commodities		072010	546	-	206	134	134	-
			5,701	644	3,939	1,556	912	-
Total U.S. Department of Agriculture			845,215	644	374,393	470,646	470,002	-
<b>U.S. Department of Education</b>								
Passed through Michigan Department of Education Adult Basic Education	84.002	081130811027	11,000	-	-	10,000	11,000	1,000
Title I - Part A Carryover	84.010	0715300607	501,067	65,284	501,067	65,284	-	-
Title I - Part A		0815300708	512,587	-	-	447,291	512,587	65,296
			1,013,654	65,284	501,067	512,575	512,587	65,296
Direct Award								
Mentoring Program Grants	84.184B	Q184B070693	127,550	-	-	91,061	96,595	5,534
Passed Through the Intermediate School District								
Drug Free Schools and Communities	84.186	0528600506	6,848	(142)	6,706	-	142	-
Drug Free Schools and Communities		0628600607	4,525	(4,525)	-	-	2,784	(1,741)
			11,373	(4,667)	6,706	-	2,926	(1,741)
Elementary School Counseling	84.215	Q215E030180-05	160,820	1,367	160,820	1,367	-	-
Title V	84.298	0702500607	3,655	298	2,764	298	-	-
Title V		0802500708	4,872	-	-	4,872	4,872	-
			8,527	298	2,764	5,170	4,872	-

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**Alma Public Schools**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2008**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Approved Award Amount	Accrued (Deferred) Revenue July 1, 2007	Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Accrued (Deferred) Revenue June 30, 2008
<b>U.S. Department of Education</b> (continued)								
Technology Literacy Challenge - Title II Part D	84.318	0642900607	\$ 977	\$ 370	\$ 977	\$ 370	\$ -	\$ -
Technology Literacy Challenge - Title II Part D		0742900607	5,143	2,400	2,400	2,400	-	-
Technology Literacy Challenge - Title II Part D		0842900708	7,561	-	-	5,470	6,478	1,008
			<u>13,681</u>	<u>2,770</u>	<u>3,377</u>	<u>8,240</u>	<u>6,478</u>	<u>1,008</u>
Improving Teacher Quality	84.367	0705200607	150,753	34,060	146,896	34,060	-	-
Improving Teacher Quality		0805200708	155,158	-	-	123,908	155,158	31,250
			<u>305,911</u>	<u>34,060</u>	<u>146,896</u>	<u>157,968</u>	<u>155,158</u>	<u>31,250</u>
Total U.S. Department of Education			<u>1,652,516</u>	<u>99,112</u>	<u>821,630</u>	<u>786,381</u>	<u>789,616</u>	<u>102,347</u>
<b>U.S. Department of Health and Human Services</b>								
Passed Through Intermediate School District								
Administration Outreach	93.576		<u>27,989</u>	<u>-</u>	<u>-</u>	<u>27,989</u>	<u>27,989</u>	<u>-</u>
Total Federal Awards			<u>\$ 2,525,720</u>	<u>\$ 99,756</u>	<u>\$ 1,196,023</u>	<u>\$ 1,285,016</u>	<u>\$ 1,287,607</u>	<u>\$ 102,347</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**Alma Public Schools**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**June 30, 2008**

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1. The Schedule of Expenditures of Federal Awards was prepared using the accrual basis of accounting.
2. Management has reported the expenditures in the Schedule of Expenditures of Federal Awards equal to those amounts reported in the annual or final cost reports that have been submitted as of June 30, 2008.
3. The Federal amounts reported on the Form R-7120 "Grant Sections Auditor's Report" and the Cash Management System Grant Auditor Report are in agreement with the Schedule of Expenditures of Federal Awards.
4. The amounts reported on the Recipient Entitlement Balance Report agree with the Schedule of Expenditures of Federal Awards for U.S.D.A. donated food commodities.

**Alma Public Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2008**

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**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ yes     x  no
- Significant deficiency(ies ) identified that are not considered to be material weaknesses? \_\_\_ yes     x  no

Noncompliance material to financial statements notes? \_\_\_ yes     x  no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_ yes     x  no
- Significant deficiency (ies) identified that are not considered to be material weakness(es)? \_\_\_ yes     x  none

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_ yes     x  no

**Alma Public Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2008**  
(continued)

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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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10.553 and 10.555	Child Nutrition Cluster
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Dollar threshold used to distinguish between  
type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2008.

Section III - Federal Awards Findings and Questioned Costs

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2008.

**Alma Public Schools**  
**Summary Schedule of Prior Audit Findings**  
**June 30, 2008**

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**Finding 07-1 – Title I – Payroll Certifications**

RESOLVED

In the current year, we noted no instances where the required payroll certifications were not available or accounted for.